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## Report of Independent Auditors



MARKLE  
STUCKEY  
HARDESTY  
& BOTT

2002 AUDIT  
027045

08/13/06

Report of Independent Auditors

Board of Directors  
Electronic Frontier Foundation, Inc.

We have audited the accompanying statement of financial position of the Electronic Frontier Foundation, Inc. at December 31, 2001, and the related statements of changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of the Electronic Frontier Foundation, Inc. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the organization's December 31, 2000 financial statements and, in our report dated May 16, 2001, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Electronic Frontier Foundation, Inc. as of December 31, 2001, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

*Markle Stuckey Hardesty & Bott*  
Markle Stuckey Hardesty & Bott  
July 22, 2002



AG 030100

## December 31, 2001

## ASSETS

	2001	2000
Current assets		
Cash and cash equivalents	\$ 456,244	\$ 327,955
Prepaid expenses	16,346	26,753
Total current assets	472,590	354,708
Property and equipment, at cost	395,028	303,734
Less accumulated depreciation	(108,238)	(79,244)
Net property and equipment	286,790	224,490
Deposits and other assets	10,000	10,000
Total assets	\$ 769,380	\$ 589,197

## LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 34,761	\$ 111,609
Note payable	-	25,000
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Total current liabilities	34,761	136,609
Net assets		
Unrestricted	246,833	(35,198)
Temporarily restricted	487,786	487,786
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Total net assets	734,619	452,588
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Total liabilities and net assets	\$ 769,380	\$ 589,197

See accompanying notes.

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Year ended December 31, 2001

See accompanying notes.



## ELECTRONIC FRONTIER FOUNDATION, INC.

## Statement of Functional Expenses

Year ended December 31, 2001

	Program services	General and administrative	Fund raising and development	Totals	
				2001	2000
Salaries and benefits	\$ 773,126	\$ 90,956	\$ 45,478	\$ 909,560	\$ 671,310
Professional fees	255,037	4,635	-	259,672	1,431,944
Office expenses	6,371	3,186	3,186	12,742	13,184
Telephone	21,240	10,662	10,662	42,563	27,116
Postage and delivery	4,958	4,958	11,640	21,556	8,964
Occupancy	30,421	15,210	15,210	60,842	77,124
Maintenance and equipment	3,244	1,622	1,622	6,488	707
Promotion and publications	33,632	28,341	14,251	76,224	110,258
Travel and conferences	53,820	-	-	53,820	56,381
Depreciation	14,497	7,248.50	7,248.50	28,994	23,809
Consultants	-	-	-	-	159,958
Other expenses	59,309	19,655	-	78,964	47,370
	<u>\$1,255,655</u>	<u>\$ 186,473</u>	<u>\$ 109,297</u>	<u>\$1,551,426</u>	<u>\$2,628,125</u>

See accompanying notes.

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## Statement of Cash Flows

Year ended December 31, 2001

	2001	2000
Cash flows from operating activities		
Change in net assets	\$ 282,031	\$ (120,904)
Adjustments to reconcile change in net assets to cash provided by operations		
Depreciation	28,994	23,809
Changes in:		
Accounts receivable	-	244,986
Prepaid expenses	10,406	(33,151)
Accounts payable and accrued liabilities	(76,849)	7,613
Cash provided by operations	244,582	122,353
Cash flows from investing activities		
Acquisition of property and equipment	(91,295)	(205,518)
Cash flows from financing activities		
Payment of note payable	(25,000)	-
Net increase (decrease) in cash and cash equivalents	128,287	(83,164)
Cash and cash equivalents, beginning of year	327,957	411,121
Cash and cash equivalents, end of year	\$ 456,244	\$ 327,957

See accompanying notes.



ELECTRONIC FRONTIER FOUNDATION, INC.

## Notes to Financial Statements

December 31, 2001

## Note 1 - Summary of significant accounting policies

## Basis of presentation

The Electronic Frontier Foundation, Inc. (EFF) is a non-profit corporation that was formed as a civil liberties organization in 1990 to work in the public interest to promote online privacy, freedom of expression and social responsibility. EFF operates from leased facilities in San Francisco, California.

## Basis of accounting

The financial statements of EFF have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the related obligation is incurred.

Grantors may restrict certain support for the activities of EFF to specific purposes or times. EFF classifies such amounts as temporarily restricted net assets in the accompanying financial statements until EFF accomplishes the specific purpose or the specified time elapses.

EFF has applied the provisions of Financial Accounting Standards #116, "Accounting for Contributions Received and Contributions Made" and #117, "Financial Statements of Not-for Profit Organizations".

## Property and equipment

Property and equipment acquired by purchase are stated at cost. Depreciation is computed on the straight-line method over estimated useful lives of five to seven years.

### Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with a commercial bank



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## December 31, 2001

Cash and cash equivalents (continued)

Income taxes

## Advertising costs

Donated services

### Estimated fair value of financial instruments

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## December 31, 2001

Estimated fair value of financial instruments (continued)

## Use of estimates

Prior year totals

## Note 2 - Risks and uncertainties

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